

Care Financial Counselling Service

28 September 2007

ACT Government Concessions Review
Strategic Policy and Community Engagement
Department of Disability, Housing and Community Services
GPO Box 158
Canberra ACT 2601

Attention: Michelle Callan
Daynan Brazil

Dear Michelle and Daynan,

Re: Review of ACT Government Concessions 2007

I refer to correspondence from Adam Stankevicius dated 20 August 2007, inviting Care to make a written submission to the above review. Your attendance at last week's Community Services Program Forum was welcome – and has been of great assistance in compiling the comments to follow.

Rather than attempting to cover all of the potential issues in the short timeframe available and without the benefit of material gathered from your inquiries internal to Government, we have instead focused on several key theme areas. We look forward to exploring these issues further when we meet on 3 October.

Brief background:

As the main provider of financial counselling and related services in the ACT since 1983, Care Inc has developed a detailed and longitudinal view of how financial stress is experienced by low to moderate income people in the nation's capital.

This review is a timely one, having regard to the increasing incidence of financial stress in Australia. Although the ACT is a particularly fortunate community, enjoying the highest average per capita incomes in the country, not everyone shares in this good fortune. There are significant numbers of ACT residents who live in poverty. There are also, in Care's experience, increasing numbers of middle income consumers who are experiencing financial hardship for the first time and we note that as well as having the highest average incomes, ACT residents also carry the highest average per capita personal debt levels.

Postal Address
PO Box 763
Civic Square ACT 2608

 (02) 6257 1788
 (02) 6257 1452
 admin@carefcs.org

Shop 16, 1st Floor
Waldorf Apartments
2 Akuna Street
Canberra City 2601

Care was engaged in the previous review of ACT Concessions which commenced in 2001. As far as we are aware that review never produced a public conclusion, no doubt adding to the significance and urgency of the current undertaking. Care's 2001 comments were underpinned by two central observations. Those observations are just as relevant now as they were then:

- *Concessions should be about improving quality of life not about alleviating poverty;*
- *Poverty should be addressed and alleviated primarily by appropriate income support and policy frameworks by government.*

Key Issues for review and resolution:

1) Access and eligibility arrangements:

- a. **Reliable central access point for ACT concessions –**
The ACT's physical size and population base presents significant opportunities to design and deliver best practice services to the community. At the same time, a full and diverse range of Government Departments presents challenges for ensuring that access points are well coordinated and easy to locate. There should ideally be a central access point for all ACT concessions. That is not currently the case.
- b. **Plain English and easy to navigate eligibility requirements –**
An extension of the desirability of a central access point is that concessions information should be easy to navigate and that eligibility criteria should be clear and logical.

It is our understanding that one of the initial activities in the review is an intra ACT Government investigation of the concessions on offer and their eligibility requirements. The fact that this step is necessary is evidence in itself that better coordination of material is possible. We encourage those efforts and would appreciate details of the outcome of your initial investigations when the material is available.

2) Appropriate design of concessions:

- a. **Assistance that has regard to need –**
We note our opening comments regarding the increasing incidence of financial stress and Care's view that the primary purpose of concessions is to improve quality of life rather than to alleviate poverty. Care recognises and acknowledges that a considerable amount of the financial hardship experienced by low to moderate and fixed income people is related to an increasingly inadequate Commonwealth benefits system. Notwithstanding these observations, it is important that concessions have regard to need. The best way to

test need is to regularly update information regarding the experiences of the target group for whom the intervention is designed. To the best of Care's knowledge the ACT has no regular, reliable or consistent system for investigating the needs and experiences of those who use or might benefit from access to concessions.

- b.** Logic that where appropriate is consistent across markets – Where ever possible and appropriate the design and delivery of concessions should apply common underlying principles. This is an extension of the observations made in point 1) above.

Planning must also provide a consistent approach that has regard to the intent of the concessions system. The recent commencement of the ACT Infrastructure Tax is a good example of planning and policy failure in this regard. Additional costs as a result of the tax, across a variety of markets, are either already or will shortly be passed through to all ACT consumers. There is little evidence that forward planning was undertaken to ensure that concession recipients in each of those markets would receive additional concession support to take account of the likely cost increases. The systems that do exist respond to the consequential or additional financial stress in arrears. Individually, the increases are not large. Cumulatively, across utilities and telecommunications service delivery, the impact for low income households, or those already fully committed, is likely to be significant.

- c.** Recognition of issues peculiar to living in the ACT – There are a number of factors peculiar to living in the ACT that impact financially vulnerable people. For example, energy usage patterns are influenced by some of the most dramatic seasonal climatic extremes of any large city in Australia. Similarly Canberra's urban design and spread out nature, coupled with variable public transport access, presents transportation cost challenges different to other capital cities. Not all health needs can be met in the ACT, requiring travel to and accommodation in other cities – and the list goes on across a variety of markets.

Issues of this type were recognised in the work of the ACT Poverty Taskforce, in particular in the economic analysis undertaken by NATSEM. The design and delivery of concessions for the ACT should have regard to issues that are particular to the ACT or impact in a particular way on ACT residents.

3) Regular and reliable updating:

- a.** Regular research into continuing, current and emerging needs – As noted above (2a) we are unaware of any regular researching of needs in the ACT. What research does occur is a piecemeal affair,

driven by specific policy priorities at the time. It is also often undertaken in a way that is less likely to provide a genuine window on the specific needs of those likely to benefit from a well designed and delivered concessions package. We note for example that the fifth bullet point in the terms of reference reads:

Financial modelling to analyse the “real value” of concessions to individuals and families.

It is Care’s understanding that this modelling will be undertaken by ACT Treasury. Whilst we mean no disrespect in making the observation, Treasury has neither the skills nor understanding of the issues or target group to be able to perform that function effectively. Nor will that type of approach properly engage or consider the group with the most important interest and experience – those for whom concessions are designed.

- b.** Ensuring that caps and other mechanisms remain relevant, equitable and effective –
Like any financial intervention intended to provide benefit, if the relative value of the intended benefit is to be maintained it must be regularly reviewed and updated. No such process for review or maintenance exists in relation to the ACT concessions system and is desperately needed.

As noted at the outset, these comments are of a preliminary and general nature. We are very much looking forward to our discussion on 3 October and to further engagement as the review proceeds.

Yours sincerely,

David Tennant
Director